Workforce Development Strategies: Tourism Cluster Report

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1. INTRODUCTION

At the highest levels, Egypt recognizes the need for human capital development in order to increase its competitiveness in the global economy. In a July 1999 meeting with U.S. Vice President Gore, President Mubarak specifically asked for U.S. assistance in human resource development. As a result of this conversation, and analysis already conducted, the USAID / Egypt Mission included a new workforce development strategic objective in its strategy. In response to this new strategic objective, a team from PricewaterhouseCoopers, SRI International, and J.E. Austin Associates (hereafter referred to as the Workforce Development Strategies (WDS) Team) was selected to operationalize parts of this Mission strategy and conduct a Workforce Development Strategic Planning Process.

Through dialogue with tourism stakeholders from September through December of 1999, the WDS Team attempted to collect information and present a compelling story of "why" stakeholder action on workforce development was necessary in order to make the industry cluster more competitive. The purpose of this report is to review the WDS Team's findings and the actions that stakeholders agreed would begin to address some of the cluster's workforce challenges. This cluster report is divided into the following sections:

- ***Global Trends:*** This section highlights the major trends in the tourism cluster worldwide that will affect the Egyptian tourism cluster and its workforce. The trends outlined in this section are by no means the only global cluster trends, but instead represent the "mega-drivers" that could have the biggest impact on the Egyptian industry's growth prospects.

- ***Egyptian Tourism Cluster:*** This section provides a high-level description of the Egyptian tourism cluster, and specifically the high-impact segments relevant to workforce development and competitiveness. This is not an exhaustive cluster competitive analysis. Instead it focuses on information that is relevant for understanding the workforce development challenges in the cluster.

- ***Workforce Development Implications:*** In light of the global trends and the WDS Team's analysis of the current challenges facing the Egyptian tourism cluster, this section identifies many of the key skills gaps and other workforce development issues that must be addressed if the cluster is to be competitive. This section also reviews the supply-side of the workforce equation looking specifically at how and whether these skill development needs are being met by educators and training providers.

- ***Initiatives for Action:*** The final section of the cluster report is a summary of the cluster strategic planning workshop. This section does not represent the WDS Team's recommendations to USAID on what initiatives the donor should support.[1] Instead, this section serves to document the stakeholders' priorities and areas where this process began to generate stakeholder momentum for workforce development. The initiatives

[1] The WDS Team presented its recommendations to USAID / Egypt in a PowerPoint presentation on 11/9/99.

highlighted in this section represent actions that the stakeholders designed and, to varying degrees, committed to implement.

Also intertwined in this report (primarily in Section III) are references to gender specific issues.[2] The purpose of including a gender component in this workforce development cluster strategic planning process is to increase private sector awareness of equity issues while pointing out ways for industries to improve their competitiveness by using all workforce participants as effectively as possible. Like men, women seeking employment in the formal sector often lack the skills required for Egypt to develop a knowledge-based, globally competitive economy. This is sometimes compounded by cultural, legal, and economic factors that limit women's opportunities, earnings, and benefits. Yet women's employment in Egypt is increasingly critical to household income and family well being. Furthermore, some of the social issues identified in this report pertain to the career development of men as well as women.

Cluster Initiatives

The Egyptian tourism industry has extraordinary growth potential. Overall, the Egyptian travel and tourism cluster is responsible for 2.5 million direct and indirect jobs – 14.5 percent of total employment – and 11.3 percent of Egypt's Gross Domestic Product (GDP). It is expected to grow approximately 14 percent per year and create between 250,000 and 400,000 jobs in the next seven years.

Although this growth prospect offers numerous opportunities for greater competitiveness, it also presents a formidable workforce development challenge to the tourism cluster. How will it identify, recruit, and retain the needed 250,000 to 400,000 qualified employees to meet these growth targets?

On November 7, 1999, twenty-eight tourism cluster stakeholders worked together at a Strategic Planning Workshop to outline initiatives that would begin to address this extensive challenge. Many initiatives were specific to industry's internal human resource management, and some centered around increasing the relevance of training providers and educators' tourism curriculum and teaching methods. A third set of initiatives focused on improving the linkages between demand (industry) and supply (educators/training providers). The stakeholders selected the following three initiatives to undertake:[3]

Initiative 1: Tourism Awareness Communication Campaign
The initiative would consist of a private / public partnership with two main thrusts. The first would concentrate on a public information campaign to change the general population's perception of tourism industry jobs and create enthusiasm for entering this line of work. Cluster stakeholders will work with the Egyptian Tourism Federation and an advertising agency to design the campaign and secure the medium to communicate this message. The second thrust would consist of a longer-term effort to reach secondary

[2] Gender issues, for the purposes of this report, refer to systems of culturally constructed roles for men and women and relations between men and women.
[3] These initiatives are detailed in full action plans in Section 4 of this report.

school students to create a favorable impression of tourism industry opportunities. This priority could be accomplished by arranging for tourism business leaders to give talks at local schools, by encouraging schools to conduct familiarization visits to local hotels, restaurants, travel agencies, and other local cluster firms. Below is a brief action plan designed by stakeholders for this initiative:

- ***Step 1:*** Work with the Egyptian Tourism Federation to draft a memorandum for its members and the Egyptian Government delineating the workforce challenges and outlining the plans for the Communications Campaign. The goal of the memo is to gain member and Government buy-in to support the new Campaign. *(Draft: November / December 1999; Disseminate: Mid-January 2000)*
- ***Step 2:*** Host a small conference of key industry players to begin to design the Campaign. Invite advertising agencies and the media to brainstorm possibilities. Appoint smaller team to oversee daily design and management. *(Early-February 2000)*
- ***Step 3:*** Interview and hire advertising agency. Work with Ministry of Communications and Ministry of Tourism to explore the possibility of using government media access. *(Late-February 2000)*

Initiative 2: Tourism Demand / Supply Linkage Program: Professor / Teacher Internships

Tourism educators and training providers do not presently have significant private sector experience in the industry and as a result are not able to accurately communicate and teach the skills needed to work in the industry. This proposed initiative would work to develop professor / teacher internships within private sector companies that would allow educators to spend a winter or summer break working in a tourism establishment. This initiative provides three benefits: 1) teachers gain hands-on experience that can be relayed back to students; 2) teachers develop private sector contacts to invite to speak to their classes; and 3) private sector contacts can prove useful when the educators attempt to place their students in internships or full-time jobs. The Tourism Federation and the new Human Resource Association would pilot the internship program. Below is a brief action plan designed by stakeholders for this initiative:

- ***Step 1:*** Educators and the Federation write a memo proposing that training institutions be invited as members of the Human Resource Association. *(November / December 1999)*
- ***Step 2:*** Federation and Human Resource Association propose to its members the idea of professor / teacher internships. *(January 2000)*
- ***Step 3:*** If approved, design the internship program, including application procedures, selection criteria, incentive mechanisms (i.e. scholarship), management, result measurements. *(February – March 2000)*
- ***Step 4:*** Begin internship pilot program. *(April 2000)*

Initiative 3: Workforce Demand Assessment and Dissemination

Tourism stakeholders believe there is little accurate and timely tourism workforce data available that is made public to all segments of the tourism cluster. With more accurate data in the hands of all stakeholders, the stakeholders believe they could better respond to

the workforce skills gaps, and potentially design skills standards for each segment of the cluster. This initiative is divided into two distinct parts:
Data Collection: Design and administer the following three annual surveys: 1) Tourism Federation member survey; 2) customer satisfaction survey; and 3) educators/training provider survey. The goal of these activities would be to produce a quantitative and qualitative tourism workforce demand assessment.
Data Dissemination: The collected and analyzed data could be disseminated in the following manners: 1) annual tourism cluster conference; 2) human resource committees within the relevant associations; 3) present awards for greatest improvement. Below is a brief action plan designed by stakeholders for this initiative:

- ***Step 1:*** Create Human Resource Committees in each of the relevant tourism cluster associations; include training providers and educators on committees *(January).*
- ***Step 2:*** Design, gain approval, and administer surveys through the HR Committees *(February-April).*
- ***Step 3:*** Analyze results and design common standards in Association HR Committees *(May-June).*
- ***Step 4:*** Disseminate information through forums, publications, awards *(July).*
- ***Step 5:*** Utilize updated information to write tourism industry strategic plan *(August).*
- ***Step 6:*** Create feedback loops to allow stakeholders to comment on surveys, data, and dissemination mechanisms. These best practices will improve the process the following year (*Ongoing*).

Next Steps

This phase of the Workforce Development Strategic Planning Process created stakeholder awareness and dialogue on potential solutions to workforce development challenges. However, the true test will be capitalizing on present stakeholder momentum and ensuring that solutions materialize into real, dynamic change. The WDS Team looks forward to working with the cluster stakeholders over the coming months to assist in the implementation of these workforce development strategies with the ultimate goal of greater cluster competitiveness.

2. GLOBAL TRENDS

The travel and tourism industry[4] worldwide has experienced, and is expected to continue to experience, significant long-term growth, becoming one of the most important economic sectors in the world in terms of size and growth prospects. As the table below illustrates, more people are traveling. Total global arrivals have more than doubled since 1980, while receipts have more than quadrupled during this time. Between 1998 and 2010, arrivals are expected to grow by 63 percent, while tourist receipts are projected to jump 248 percent. *(See Figure 1.)*

Figure 1. International Tourist Arrivals and Receipts Worldwide (1980, 1990-98)

	1980	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*
Arrivals (million)	287	458	464	503	519	550	565	597	611	625
--% annual change		7.4	1.3	9.5	3.1	6.1	2.7	5.5	2.4	2.4
Receipts ($ bn)	105	269	278	315	324	354	405	436	436	445
--% annual change		21.5	3.2	13.5	2.9	9.2	14.4	7.5	0.1	2.0

Source: World Tourism Organization

The impact of tourism on the world economy cannot be underestimated. According to the World Tourism Organization, travel and tourism constituted $3.5 trillion of world GDP in 1998, supporting 11.8 percent of total world employment. This growth is expected to continue and accelerate over the long-term, with travel and tourism expected to account for $8.0 trillion of world GDP by 2010, a 129 percent increase over 1998 levels. Given such projections, many economists believe that tourism and information technology will be the two most important industries of the coming century.

Industry Megadrivers

The demand for tourism is determined by two factors: “market forces,” defined as the demand for and supply of products and services; and “external elements,” described as factors not directly related to tourism, but which influence the extent and form of demand for such activity. Simply put, market forces determine short-term demand, while “external elements,” also called "megadrivers," determine long-term demand. The “megadrivers” of the tourism industry indicate that this industry will continue to grow well into the future. These include:

Wealth: Since tourism generally involves discretionary spending, there is a correlation between raising incomes and tourism spending. Growing wealth produces new people able

[4] Hereon referred to as the "tourism" industry for simplicity.

to afford to take time off from work and spend money on travel. Growing wealth also allows those who previously spent resources on tourism to spend more. As long-term economic growth continues, leisure activities will become more of a "necessity," rather than a luxury. World and regional economic growth will continue to increase the demand for travel services.

Education: There is a direct link between level of education and proclivity to travel. The more education people receive, the more likely they are to seek new experiences, cultures and sights. In the MENA (Middle East & North Africa) region, the percentage of males of age attending high school rose from 52 percent in 1980 to 65 percent in 1993. There is a potential that this higher education level will assist in increasing the regional demand for tourism.

Air Transportation Developments*:* Two main developments in the airline industry will continue to exert an upward pressure on travel demand, by making flying cheaper and more comfortable. First, continuing advances in avionics are reducing the cost of air transportation, while facilitating travel over long distances. Second, deregulation of air transportation started in the United States, has now moved to Europe and Latin America and soon is likely to reach the rest of the world. This increases competition among transportation providers, thus lowering the price of airfares, and increasing the demand for travel.

Market Forces

While the tourism industry is growing, important developments are having a tremendous impact on the shape of the industry, with those countries best able to adjust and embrace these developments likely to be the biggest winners from the industry's overall growth. Four of the most important characteristics of the evolving tourism industry are as follows:

Intense Competition Driven by New Entrants: The growth and attractiveness of the tourism industry has not gone unnoticed. Many regions and countries are continuing to enter the tourism market in search of a share of the global tourism pie. Moreover, new destinations are becoming world-class competitors in record time. In the Middle East, for example, Jordan became a formidable competitor in the early 1990s, followed by Syria sometime during the middle of the decade. Soon they will probably be joined by Lebanon, which is currently repairing its infrastructure and image following its long civil war, and is aiming to regain its past place as the Middle Eastern destination of choice. Often new entrants are more sensitive to what visitors want, and are quickly becoming formidable competitors.

This competitive dynamic is not just a Middle Eastern phenomenon, but is taking place throughout the world. And it is being intensified by the fact that tourists can now travel more easily across greater distances. For this reason, destinations can no longer rely on a steady supply of captive regional customers. Instead, they are having to compete with destinations that may not be in the same region. For example, it is becoming just as easy for a tourist from the Persian Gulf to travel to Paris or London, as it is to visit Cairo. On the other hand, world-class destinations are now being able to draw from a broader pool of visitors than they were before.

Quality is Key: The increased competition among destinations has created an environment in which providing a quality experience for visitors is key for maintaining, and improving, market share. Travelers are now more experienced, having been on average to more destinations, and are therefore more demanding about the quality of their trips. International standards of excellence, previously demanded only in wealthier countries, are starting to be expected worldwide.

Quality is being demanded in all aspects of the travel experience. Attractions, including historical or natural sites, are expected to be clean, have available high-quality and precise information for site interpretation, and cannot be overcrowded. Transportation to and from destinations is expected to be efficient and hassle-free. Service at the local hotels and restaurants needs to be customer oriented, with employees able to communicate with their customers in the visitors' home languages and to provide them with the same high-quality service they would receive in their country of origin. Quality factors such as these, beyond the uniqueness of the local attraction that is being visited, are the key contributors to a quality experience and are determinants of how successful a destination is in attracting new and returning visitors.

Demand for Multi-Dimensional Experiences: Countries are having to expand the sets of attractions available to visitors, no longer able to rely on any one site or site-type to maintain their visitor flows. Two main factors are behind this. First, there is a growing recognition that visitors enjoy doing a variety of things during their stays, and that places that are able to offer good variety of experiences are able to extend their average visitor stays. For example, tourists may be interested in visiting a country for a particular historical attraction, but while in the country, would also enjoy going to the beach, shopping at local stores, or seeing some live night entertainment. This is particularly important for attracting families, since family members have varying interests among them.

A second reason for expanding the sets of local attractions is the growth in niche tourism. There are increasing groups of travelers interested in particular types of activities, many of which are new. Some of the more known niche products are related to natural attractions, such as scuba diving, safaris, bird watching, bicycle touring, etc. Some others related to historical or educational tourism are religious tourism (visits to sites historically important to particular religious traditions) and heritage tourism (visits by immigrants to their places of origin). These types of tourists are becoming important to the global tourist industry, and destinations that are able to develop and market activities for any such particular niche segments will greatly benefit.

Finally, destinations are developing new types of attractions because they desire to even out seasonal patterns that may be characteristic of their traditional type of tourism. Seasonality is a long-time problem of the tourism industry, as it leaves infrastructure and full-time labor unutilized. To the degree that countries are able to develop activities that can attract counter-seasonal visitors, the industry's resources are more efficiently used to the benefit of the tourism cluster and its overall competitiveness. Examples of countries seeking to expand their tourism product include beach destinations that seek to attract business conventions during the off-months, and destinations primarily dependent on historical tourists that develop beach tourism on undeveloped coasts.

Increasingly Sophisticated Promotion: Given the high degree of competition in the industry, the new choices available to tourists, the fragmentation of the market, and the high pay-off for successful destinations, countries are becoming increasingly sophisticated in their efforts at attracting tourists. The industry is becoming more "professionalized," practicing many marketing and product positioning techniques that have long been used in other industries, while also developing practices unique to the tourism industry. Among the main components of sophisticated promotional strategies are:

- *Strategic Marketing:* Traditional marketing has consisted of promoting whatever assets a country possessed. Current marketing is becoming more customer-oriented -- identifying an attractive market segment and then seeking to find out what types of experiences such individuals enjoy and are willing to purchase. This entails further segmentation of larger groups, according to demographics, and socio-economic status, as well as developing product to meet the desires of such sub-segments.

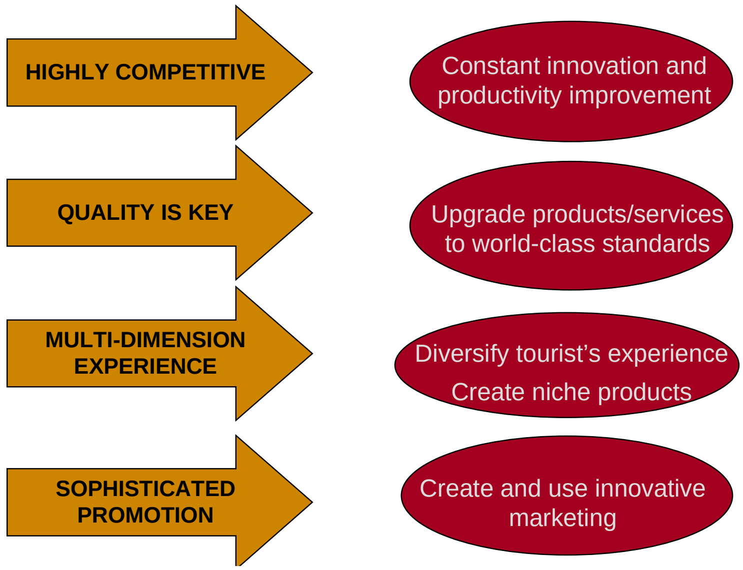
- *Use of Internet:* The Internet is becoming an increasingly important medium for information dissemination and bookings of air tickets, hotels, and rental cars. This is turn is having an effect on traditional tourism distribution channels, altering the relative importance of travel agencies, airlines and tour operators. As a result, destination marketers are developing relationships with relevant Internet sites that act as travel point-of-sales, including Internet portals.

- *Strategic Alliances:* Partnerships between diverse segments of the tourism cluster have enabled destinations to stretch their marketing budgets, improve their product offering, capitalize on partners' strengths and image, and provide learning opportunities. Typical partnerships that are being developed are between airlines and destination promotion organizations, between hotels, travel agencies and travel operators, and between any of these players and local businesses that are trying to market local products to visitors.

Strategic Implications

The shape and direction of the newly evolving global tourism industry has important strategic implications for the Egyptian tourism cluster. Moreover, given the importance of this industry to the overall health of the country's economy, Egyptian political and economic decision-makers need to be attuned to how well Egypt adapts to global industry trends. *(See Figure 2.)*

Figure 2. Megadrivers and Strategic Implications



First, as the chart to the right summarizes, the highly competitive nature of the global tourism will require Egyptian stakeholders to constantly innovate and improve the country's tourism products. In the past, Egypt could afford to be reactive, and perhaps even unaware of global developments in the industry. But if the country wants to maintain its share of the global and regional tourism market, stakeholders will need to quickly adapt to short-term developments in the industry. While the Egyptian tourism industry has proven to be resilient to external shocks, it has not been characterized as mobile and "quick-learning."

Second, given the general increase in the quality of the tourism experience worldwide, Egypt will need to improve the quality of the tourism experience at all levels, from the internal transportation system, to the upkeep of its archeological sites. Upgrades to the quality of customer service offered to visitors in all chains of the tourist cluster may be even more important. The globalization of the tourism industry means that hotel service will need to be the same in Egypt as it is in London, and local restaurants as high quality as those found in Rome.

Third, more fragmentation of the tourism industry among niche markets and the need to provide tourists with multidimensional experience means that Egypt will need to effectively carry out its plans of regional and product diversification. Of course, this does not only mean building new infrastructure, but also developing the "soft" infrastructure with it, including a workforce that has the skills to provide visitors with a quality experience participating in dessert safaris in the Western Sahara, jet-skiing on the Red Sea or hiking through the Sinai Peninsula.

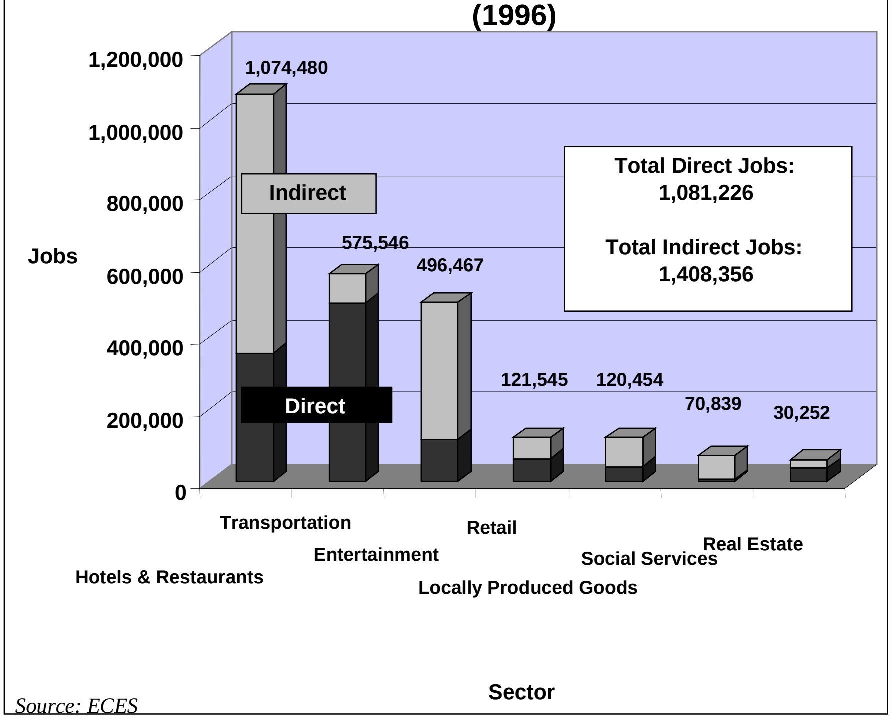
Fourth, attracting visitors will become ever more difficult as other countries enter the market and the overall promotional efforts of destinations become more sophisticated worldwide. Egypt will therefore need to develop skills in market segmentation, advertising, corporate/conference attraction, the Internet, and others which are not currently present in the country.

Can Egypt rise to the challenge? In a “people intensive” business like tourism, developing a workforce with the right set of aptitudes and attitudes will be essential. Now we turn to looking specifically at the cluster to understand how workforce development fits into this picture.

3. EGYPTIAN TOURISM CLUSTER

Egypt's tourism cluster resembles other international tourism clusters in that it is made up of a series of interrelated, yet distinct, industries. Overall, the travel and tourism cluster is responsible for 2.5 million direct and indirect jobs – 14.5% of total employment – and 11.3% of Egypt's Gross Domestic Product (GDP). According to a 1999 study by the Egyptian Center for Economic Studies (ECES), the effects of visitors spending on employment can be summarized as follows*: (See Figure 3.)*

Figure 3. Jobs Effect of Visitor Spending (1996)



Source: ECES

High Impact Segments

The Egyptian tourism cluster can be divided into four broad categories. *(See Figure 4.)*

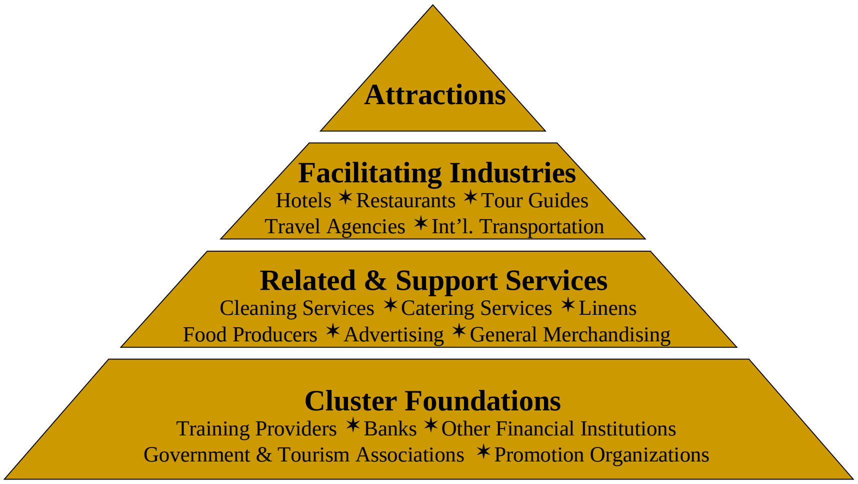
- *Attractions*: Museums; Archeological Sites; Beaches/Resorts; Natural Attractions; Sporting Attractions; Entertainment (shows, casinos, nightlife).

- *Facilitating Industries*: Hotels and Accommodations; Restaurants; Domestic and International Transportation; Travel Agencies; Travel Operators; Travel Guides.

- *Related and Support Industries*: Cleaning Services; Catering Services; Food Producers; Linens; Advertising; General Merchandising; Others.

- *Cluster Foundations*: Training Providers; Banks and other Financial Institutions; Government and Tourism Associations; Promotion Organizations.

Figure 4. Egyptian Tourism Cluster



Within this larger cluster, there are several high-impact segments. The WDS Team choose to focus on three of these segments: 1) hotel & accommodations; 2) travel guides, and 3) tourist class restaurants.

Hotel & Accommodations: This segment represents the crux of the tourism cluster. Hotels provide a necessary service. For the tourism cluster, hotels are an irreplaceable component, without which visits would be impossible. Visitors need the services of hotels and other accommodations if they are to stay at any destination beyond one day.

Hotels act as a catalyst for the development of the entire cluster. They engage in promotional activities in order to maintain profitable occupancy rates, thereby providing customers for all other segments in the tourism cluster. Hotels managed by international chains have the marketing skills and resources to promote their locations to the international market.

Hotels act as cluster anchors, exerting strong "pull-through effects" with their suppliers and related industries. International hotel chains tend to bring with them a network of support firms, including travel agencies, tour operators, and even transport companies. These in turn generate employment of their own, and engage in their own promotional efforts to bring visitors to the particular region where they are located.

The hotels and accommodations segment is the most important segment in terms of size in the Egyptian cluster. This is reflected both in the size of this segment's labor force, as well as in the share of tourist expenditures on hotels when compared to overall expenditures. Hotels currently employ approximately 127,000 people. If current Tourism Development Authority (TDA) growth projections for the number of rooms materialize, from 86,000 in 1999 to 240,000 in 2007 (14 percent annual growth), hotels are likely to create between 250,000 and 400,000 new jobs.

Figure 5. Egyptian Hotel Capacity (August 1999)

Region	*Hotels*	*Rooms*	*Beds*
Cairo	146	21034	41092
Alexandria	54	4197	8402
Luxor	42	4145	8219
Aswan	27	2702	5437
Red Sea	122	20045	38947
South Sinai	107	13854	28009
Others	146	8809	18063
Total	*644*	*73886*	*148169*
Floating Hotels	227	11657	23340
Total	***871***	***85543***	***171509***

Source: Ministry of Tourism

According to *Figure 5*, the most important regional concentrations of hotels occur in Cairo and in the vacation destinations of the South Sinai and the Red Sea. As discussed in the regional diversification section of this report, most new hotel construction is expected to occur in the Red Sea and Gulf of Aqaba regions. Egypt also has a significant number of floating hotels, 227, which take tourists along the Nile River for a truly unique experience.

Figure 6 illustrates the high preponderance of capacity in upper level hotels, as these hotels have higher numbers of rooms per establishment. Four-star and five-star hotels have over 50,000 rooms, while one-star, two-star, and three-star hotels have less than 29,000 rooms combined.

Figure 6. Egyptian Hotel Category Breakdown (August 1999)

Category Breakdown	*Hotels*	*Rooms*
Five Stars	187	30434
Four Stars	141	19718
Three Stars	193	16901
Two Stars	156	7654
One Star	107	3952

Note: There are 87 hotels with 6884 rooms under categorization as of August 1999.
Source: Ministry of Tourism

Travel Guides: Without adequate travel guides, particularly those with good language skills, visitors are not able to visit attractions. This is particularly important in Egypt, where a large proportion of tourism is archeological/historical, where interpretation of attractions' significance is fundamental. Moreover, now that Egypt is trying to promote its nature-based tourism, guide skills will need to be developed so that they can appropriately explain such attractions.

As highlighted in *Figure 7*, the number of travel guides in Egypt has significantly increased since 1980 when there were only 773 registered tourist guides; in 1997, 5,233 were available. If government tourism growth projections prove correct, 7,880 new travel guides will be needed by 2007.

Figure 7. Travel Guides (1980-1997)

Year	*No. of Tourist Guides*	*Index Number*
1980	773	100
1985	1211	157
1990	2153	279
1995	4063	526
1997	*5233*	*677*

Source: Egypt Tourism in Figures 1997

The most widely known language by travel guides is English, followed by French *(See Figure 8).* This makes sense given that these languages tend to be the most popular among tourists, even among tourists from countries in which English and French are not the native language. The third and fourth most known languages are German and Italian, the top two countries of origin for visitors to Egypt. However, while the number of languages is diversified, the 1994 tourism survey conducted by CAPMAS found little satisfaction with the services by travel guides. Interviews with local industry observers revealed that guides' language skills are not very good, even within the languages in which they claim expertise.

One other point worth observing is the low number of guides with knowledge of Asian languages. While the number of Asian tourists is significantly below that of Europeans, the Asian market is a particularly attractive one given their high expenditure as tourists. If Egypt is to increase the number of Asian visitors, as many interviewed stakeholders claim that they want, there will need to be an increase in Asian language skills among guides.

The table also reveals that guides are concentrated in Cairo and Luxor. This is a direct result of the fact that most tourists have traditionally been attracted to the country's archeological attractions. There is a significant drop in the number of guides in areas where adventure travel or other forms of ecotourism would take place. Interviews confirm the need to train individuals in aspects of nature-based travel. So far, all of the country's emphasis has been on historical/cultural tourism, and guides' training and certification exams confirm that orientation. Observers point out that to pass the guide certification exam, no knowledge of the country's natural attractions is required. As Egypt expects to increase the number of visitors for nature-based tourism, a significant effort will need to be directed on providing the appropriate training for such types of activities.

Figure 8. Travel Guides by Language and Area (1997)

Language	*Cairo*	*Luxor*	*Aswan*	*Alex.*	*St. Cathr.*	*El Menia*	*Port-Said*	*Total*
English	2252	450	75	106	17	21	2	*2923*
French	1429	184	53	88	7	11	2	*1774*
German	880	277	86	29	22	26	1	*1321*
Italian	393	97	54	26	10	10	1	*591*
Spanish	407	70	29	13	1	9	-	*529*
Russian	33	-	-	1	-	-	-	*34*
Greek	7	1	1	1	-	1	-	*11*
Turkish	1	-	-	-	-	-	-	*1*
Hebrew	24	1	-	-	-	-	-	*25*
Japanese	91	4	-	1	-	-	-	*96*
Persian	3	-	-	-	-	-	-	*3*
Polish	-	-	-	-	-	-	-	-
Chinese	13	-	-	1	-	-	-	*14*
Dutch	10	4	-	-	-	1	-	*15*
Norwegian	2	-	-	-	-	-	-	*2*
Portuguese	9	3	1	1	-	-	-	*14*
Swiss	2	1	-	-	-	-	-	*3*
Danish	2	1	-	-	-	-	-	*3*
Belgian	1	-	-	-	-	-	-	*1*
Czech	3	-	1	-	-	-	-	*4*
Swedish	4	-	-	-	-	-	-	*4*
Korean	2	-	-	-	-	-	-	*2*
Hungarian	2	-	-	-	-	-	-	*2*
Total	*5570*	*1093*	*300*	*267*	*57*	*79*	*6*	*7372*

Note: The total number of travel guides does not match with the total number of languages spoken since many speak more than one language.
Source: Egypt Tourism in Figures 1997

Restaurants: Restaurants are a major source of employment for the tourism cluster and the country. Moreover, good restaurants are a significant component for an attractive nightlife, and therefore serve as attractions in their own right. In Egypt, there appears to be a lack of qualified personnel working in this industry, including chefs, kitchen aids, winemasters, bartenders and waiters. Given the strong linkages between restaurants and hotels, training of restaurant personnel would benefit hotels as well.

In Egypt, about 35 percent of restaurants have received certification to be considered "tourist establishments." These restaurants have higher standards of quality and are regulated by the Ministry of Tourism. Yet there are numerous varieties of restaurants within this group, from one-star cafeterias, to five-star floating restaurants. As of 1997, the Egyptian Association of Tourist Establishments, which is one of the four associations that form the Egyptian Tourist Federation, had 1,014 registered tourist establishments *(See*

Figure 9). Any type of initiative within the restaurant segments is likely to be focused on these establishments, which have the highest contact with tourists. Tourist establishments currently employ about 38,000 people, and if growth forecasts hold, approximately 57,000 new jobs could be created by 2007.

Figure 9. Public Tourists Restaurants by Type (1997)

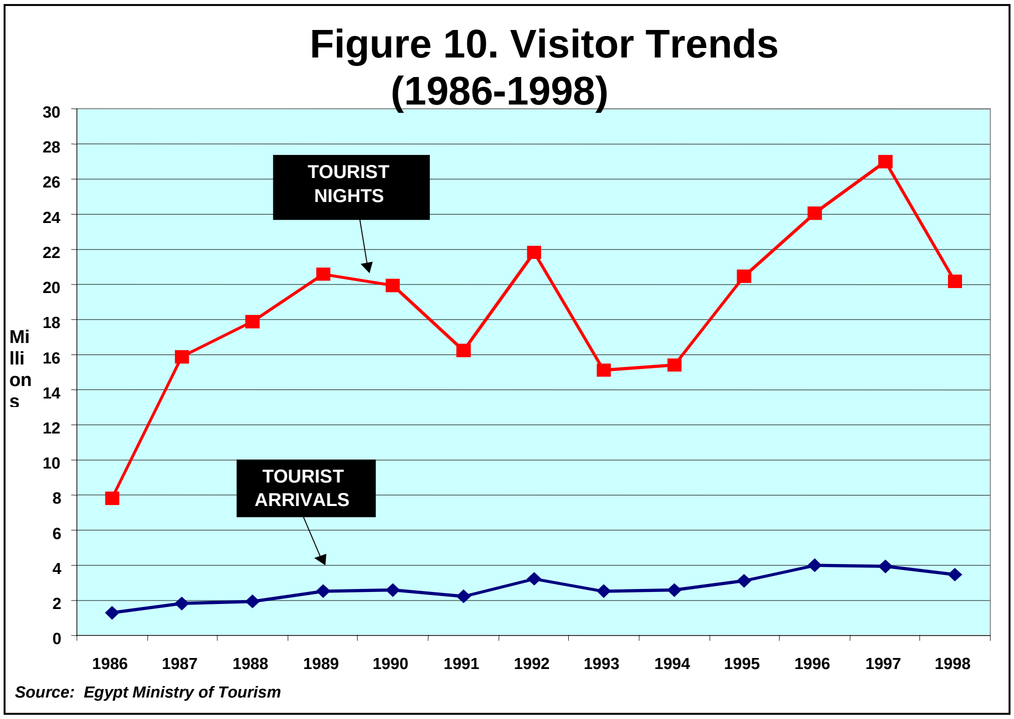
Governorate	*Restaurant*	*Cafeteria*	*Rest. & Cafeteria*	*Rest. & Theatre*	*Floating Rest.*	*Moving Rest.*	*Total*
Cairo	146	108	57	-	18	2	331
Alexandria	123	53	18	14	6	-	214
Giza	128	53	35	-	7	-	223
Port-Said	21	3	6	-	-	-	30
Red Sea	20	6	3	-	-	-	29
Luxor	21	7	1	-	-	-	29
Other	104	36	18	-	-	-	158
Total	563	266	138	14	31	2	1014

Source: Egypt Tourism in Figures 1997

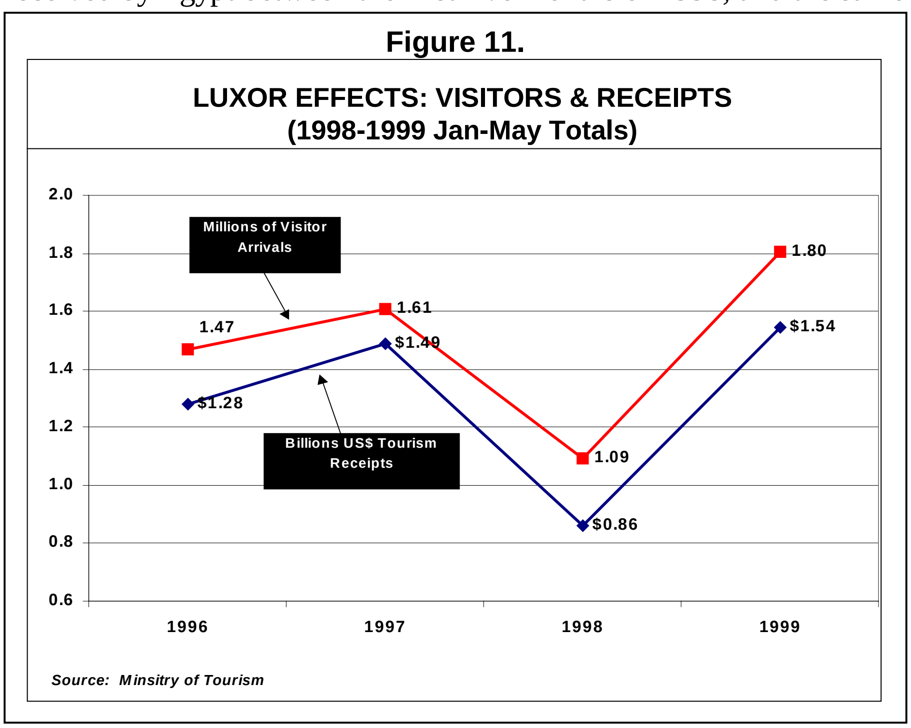
Visitors

The number of visitors to Egypt has been increasing, although somewhat irregularly, since at least 1986. As the table below shows, total visitors into the country grew from 1.3 million in 1986 to close to 4 million in 1997, before a fall to near 3.5 million in 1998. As one would expect, the number of nights spent has increased also, from close to 8 million in 1986, to approximately 26.5 million in 1997. Average stay length is high, although somewhat irregular, varying between 6 nights per trip in certain years, to 9 nights, with a mean over the years of about 7 nights per trip *(See Figure 10).*

The irregular growth trend is directly a result of political developments in the country and the region. During times of perceived insecurity, the tourist flow into the country has been severely strained, as is evident in the drop from 2.6 million tourists in 1990 to 2.2 million in 1991 due to the uncertainties surrounding the Gulf War. More recently, the Luxor incident of 1997 had a severe impact on the number of visitors into the country, as reflected in the significant drop in the number of visitors and visitor nights between 1997 and 1998.

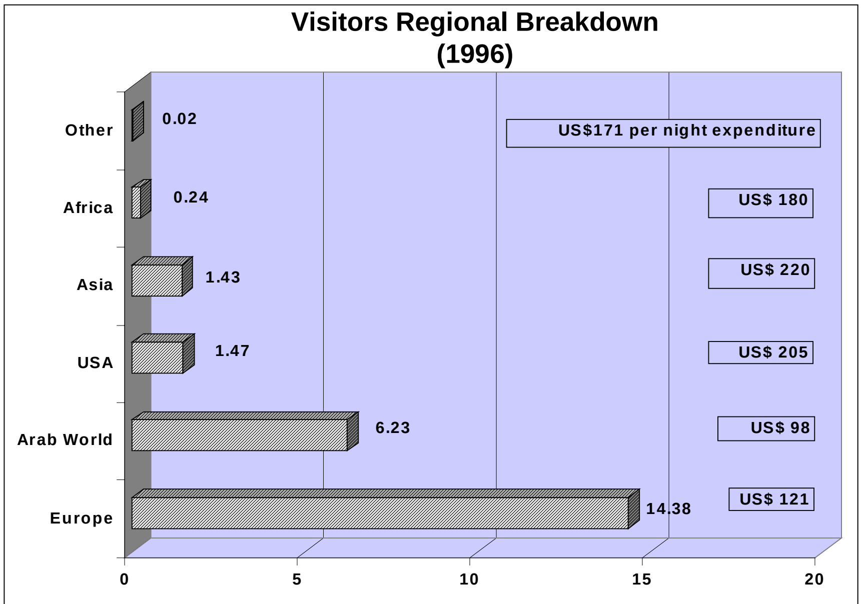


However, given the uniqueness of the Egyptian tourist product, visitor numbers tend to rebound quite quickly. The chart below compares the number of visitors and receipts received by Egypt between the first five months of 1998, and the same five months of 1999. As the chart below illustrates, visitor and receipt levels appear to have returned to pre-Luxor levels, demonstrating a remarkable recovery in the level of tourist activity *(See Figure 11).*



According to the latest Ministry of Tourism Visitor Expenditure Survey, the largest regional origin of tourists to Egypt is Europe. Europeans stayed over 14 million nights in Egypt in 1996, spending $1.7 billion during their stay. This is almost three times as much as that spent by Arab tourists, who stayed 6.2 million nights, but given their low average daily expenditure of $98 only spent $610 million. Average expenditures by all groups are $127 a night. The chart below shows that expenditures by Asian, American and African tourists tend to be significantly higher than that of Europeans and Arabs, however, the number of such tourists is significantly lower than the first two groups *(See Figure 12)*.

Figure 12.

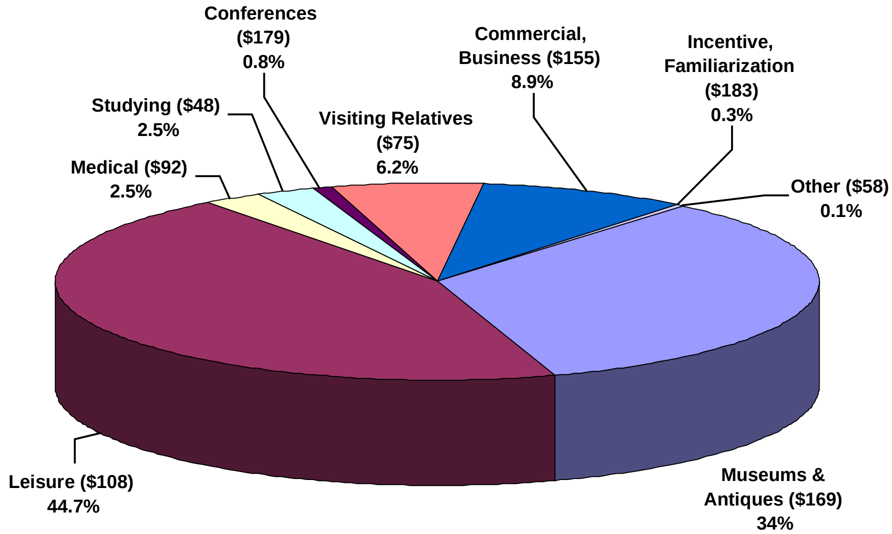


Source: Ministry of Tourism; SRI

Type of Visit

The most popular types of activities for visitors to Egypt are leisure activities, such as going to the beaches of the South Sinai and Red Sea, and visiting the country's many museums and antiquities. Business-related travel is relatively farther down the list of reasons for visiting the country, representing about nine percent of total expenditures, but given the high level of expenditure of businesspeople per visit, business visitors are an important source of cluster income
(See Figure 13.)

Figure 13. Type of Trip: Expenditures as % of Total & Nightly & Average Expenditure Per Trip Type (1996)



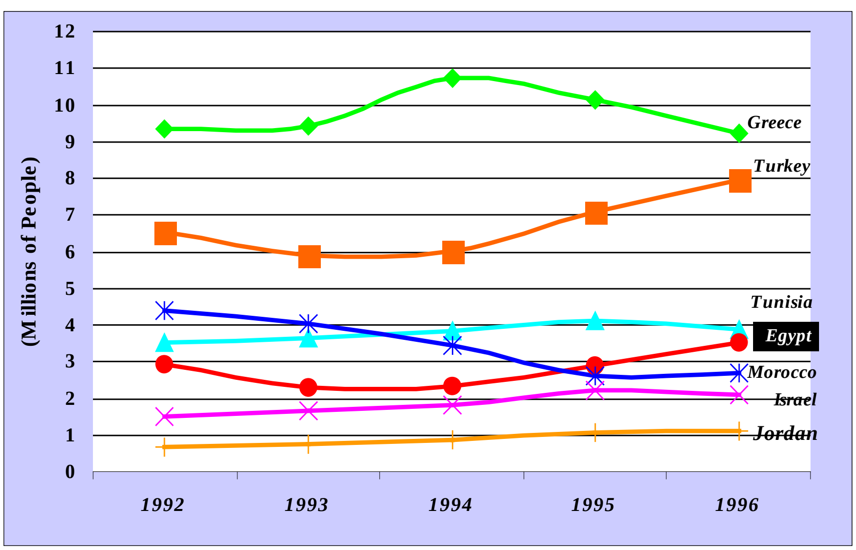
Source: Ministry of Tourism Visitor Expenditure Survey, 1996

Regional Benchmarking

When compared to regional competitors, Egypt lags far behind Greece and Turkey in terms of number of visitors *(See Figure 14).* According to World Tourism Organization figures, Egypt received 3.5 million international visitors compared to 9.2 in Greece and almost 8 million in Turkey during 1996. These numbers would suggest that, given an appropriate expansion in

Figure 14.

Regional Arrival Trends

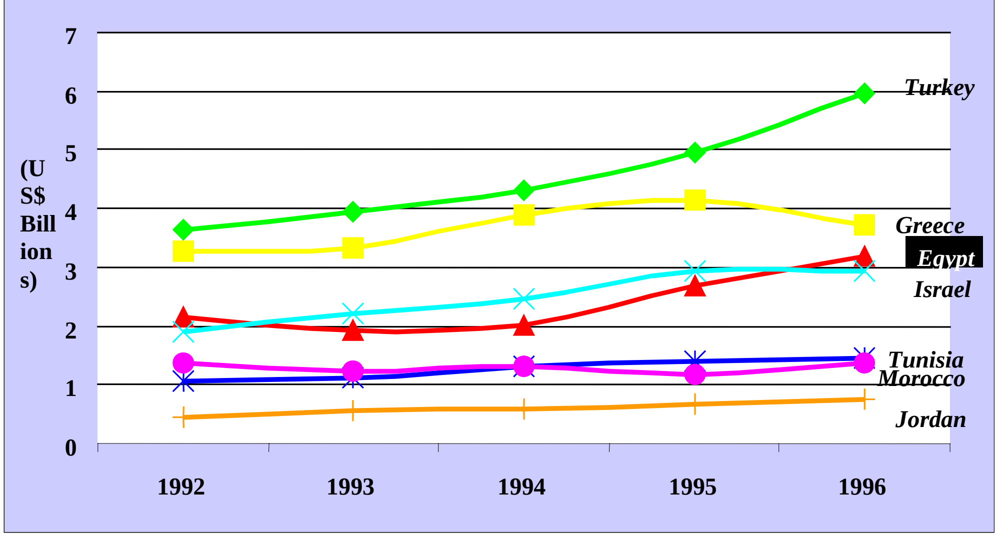


Source: World Tourism Organization

infrastructure, workforce development, and improved promotional efforts, there is a good measure of growth that can still be achieved.

Egypt does significantly better in the regional benchmarking when compared according to receipts from tourism. By this measurement, Egypt's $3.2 billion were only slightly behind Greece, which received $3.7 billion. *(See Figure 15.)* The gap with Turkey is not as great either, as Egypt's receipts represent close to 54 percent of Turkey's, compared to arrivals, where Egypt's number is only 38 percent of Turkey's total. This is a reflection of the high number of nights spent per tourist in Egypt, as well as to a healthy level of daily expenditures. By point of contrast, Morocco has a relatively high number of tourists, but low number of receipts. This is likely a reflection of the high proportion of daily trips that are made into the country, probably from Spain, as well as the low level of daily expenditure, a result of their position as a low-budget, mass-market destination. Overall, given Egypt's large size and many attractions, the overall number of tourists could increase without a loss of quality.

Figure 15. Regional Receipt Trends

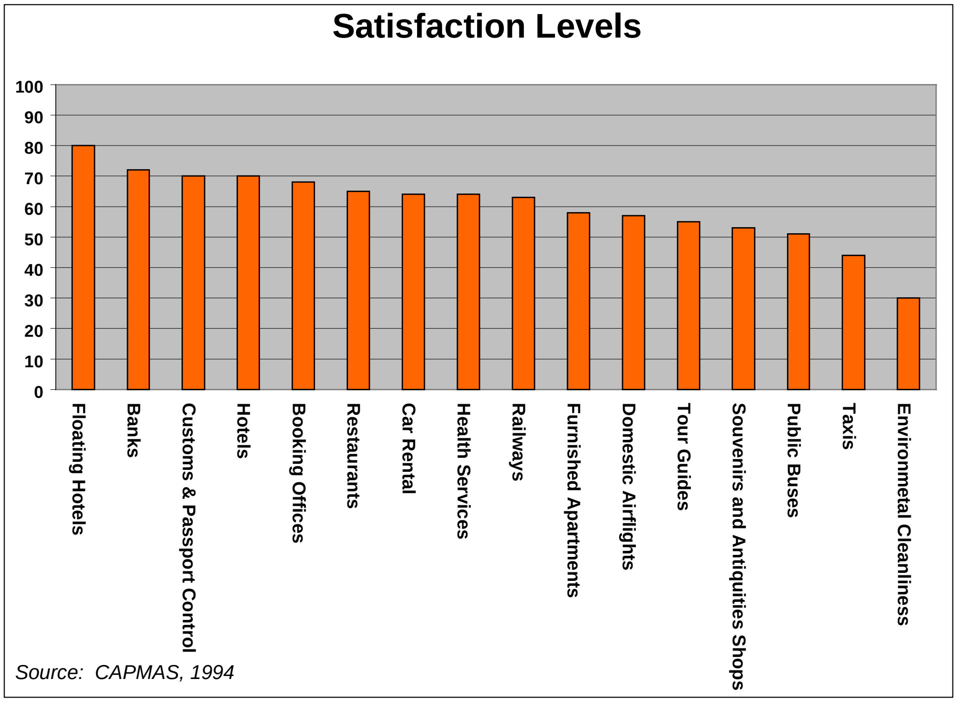


Source: World Tourism Organization

Satisfaction

According to a 1994 CAPMAS tourism satisfaction survey, visitors report moderate levels of satisfaction with their Egyptian travel experiences. Visitors did not appear to report high satisfaction with any of the services they received in Egypt, from customs and passport control, to restaurants, tour guides and taxi services. Interviews with industry leaders revealed that many tourists do their best to enjoy their visits despite the often poor service they receive because they determine that they will only be coming to the country once, and that the quality of the archeological attractions generally make up for other unpleasant experiences *(See Figure 16)*. The cluster will need to greatly improve these moderate to low levels of satisfaction in order to encourage tourists to return to Egypt as repeat visitors. However, in order to make improvements, the cluster must constantly measure itself against customer satisfaction. The fact that the last cluster-wide satisfaction survey the tourism industry administered was six years ago demonstrates that it does not actively use this indicator as a means to measure success.

Figure 16.



Source: CAPMAS, 1994

Egyptian Tourism Strategy

The Egyptian tourism industry has designed a strategic plan to diversify and upgrade the industry. As outlined in the August 1999 strategic master plan produced by the Tourism Development Authority (TDA), the three main thrusts of this strategy are: tourism growth, regional diversification of tourist sites/attractions, and product diversification.

Tourism Growth: TDA calculates that Egypt should be on track for approximately 10 percent growth in the number of visitors each year through the year 2006/7, when total visitors will reach 8.5 million *(See Figure 17)*. Total tourist nights spent in Egypt are projected to reach 75.2 million, while expected income from expenditures is projected at 9.8 billion in 2006/7.

Figure 17. Projected Tourism Growth (1995/6-2006/7)

Year	Visitors	Tourist Nights* (million)	Expected Income** (US$ billion)
1995/6	3.30	21.8	2.8
1996/7	3.63	23.7	3.0
1997/8	3.99	26.4	3.4
1998/9	4.39	29.0	3.8
1999/2000	4.83	32.2	4.2
2000/1	5.31	36.0	4.7
2001/2	5.85	40.6	5.3
2002/3	6.43	46.0	6.0
2003/4	7.07	51.8	6.7
2004/5	7.78	58.5	7.6
2005/6	8.56	66.3	8.6
2006/7	9.41	75.2	9.8

*Average stay projected to gradually increase from 6.6 nights in 1995/6 to 8.0 in 2006/7.
**Revenues calculated at $130 per person night.

Source: TDA

This growth is predicated on several assumptions, including:

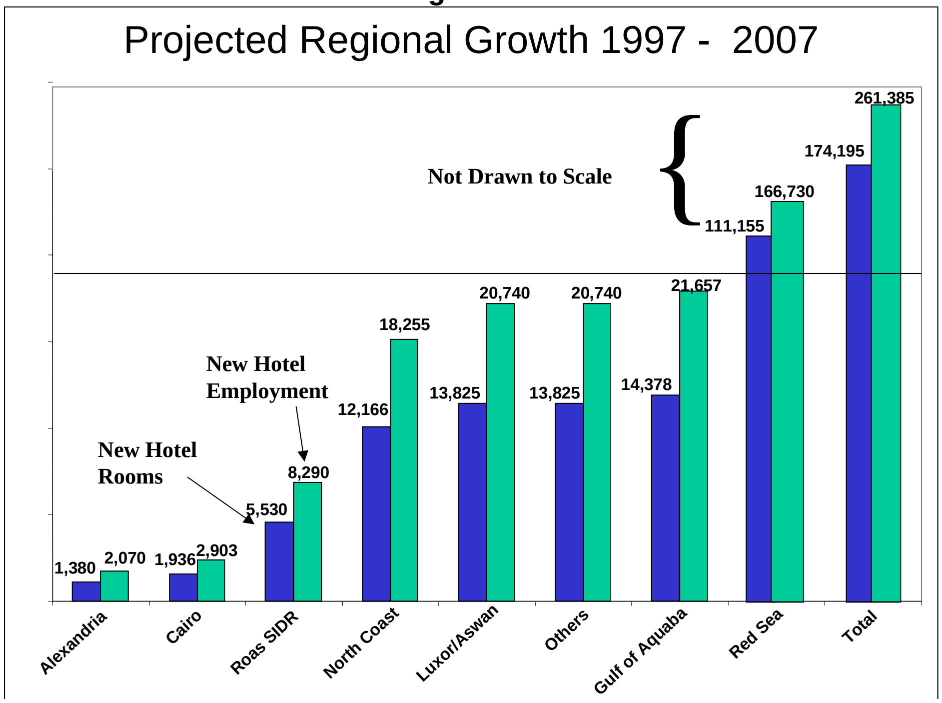
- terrorism will remain under control;
- stability in the Middle East region;
- new markets will develop with visitors from Asia, Latin America and other economically emerging countries;
- the Middle East peace initiative will create opportunities to attract larger numbers of visitors to the area, some of which will visit several countries at the same time; and
- the Egypt-EU agreement on economic cooperation will increase investment in tourism by Europeans.

Regional Diversification: According to TDA, growth will primarily occur in new, underdeveloped areas of the country, principally the Red Sea shore, the Sinai, and the Mediterranean coastline. The Government is intending to invest in building up the basic infrastructure of these areas, and to provide incentives for private investors to build new hotels.

As *Figure 18* illustrates, out of the 174,195 new hotel rooms planned for the 1997-2007 period, 111,155 are expected to be on the Red Sea (64 percent), while only 3,316 (2 percent of total new construction) is planned for the metropolitan areas of Cairo and Alexandria. The Luxor/Aswan region will experience some growth, with 13,825 new rooms (8 percent of total new construction), but this is based on a much larger number of existing hotel rooms.
This growth in hotel rooms is very significant in terms of employment as well. Just as a majority of the new hotel rooms will be on the Red Sea, approximately half of the new

tourism jobs will also be located around the Red Sea as well. This regional issue will make industry's recruitment and retention issue more complex.

Figure 18.



Product Diversification: Given Egypt's unique archeological and historical riches, its tourism industry has traditionally been dependent on the cultural/historical product. This is a very attractive market segment due to the relatively high daily expenditure levels ($169 in 1996, compared to an average of $127) and high average length of stays. However, historical tourism is also characterized by low return rates, making it harder to expand on the current number of visitors. As outlined under global trends above, there are significant benefits to diversification. Given Egypt's natural riches, the government has naturally decided that diversifying its tourism product would be an important element to expand and improve the country's tourism industry.

The product diversification is very much tied to the regional diversification describe above. This connection can be clearly seen in the development of the Sinai Peninsula, which has been one of the government's major initiatives this decade, including developing its potential as a major tourist attraction. The Sinai has been considered as an important part of the future for Egyptian tourism because it adds a new dimension to the country's tourist product. While Egypt has traditionally been a historical and cultural type of experience, the Sinai will target other tourist markets.

Specifically, the Sinai will continue growing as a site for the following types of tourism:

- *Coastal Entertainment Tourism*: This type of tourism can stretch all along the coast of the Peninsula including the Mediterranean coast, the Great Bitter Lake coast east of Suez Canal, the Red Sea Coast and the Gulf of Aqaba coast. These places are suitable for traditional beach tourism, as well as for water sports and diving.

- *Archeology Tourism*: Among the sites of cultural importance are: the historical routes of the Great Horus and the old route of pilgrimage; monuments of the Pharaonic, Roman, Greek, Coptic and Islamic ages; the route taken by the Israelites in their historical march from Egypt to Palestine; Pharaoh Island; and, the ancient port of Al Tour. These cultural attractions can complement the Peninsula's other types of tourism, and help Egypt capitalize on the international demand for a variety of activities within a destination.

- *Therapeutic Tourism*: The areas surrounding the Pharaoh Bath and the Moses Bath, with their warm sulfuric springs situated on the coast of the Gulf of Suez are intended to be marketed internationally for individuals seeking relief from skin and rheumatic diseases, and to other tourists seeking rest and therapeutic relief.

- *Religious Tourism*: The Peninsula will continue to attract people to visit Wadi Al Raha (the Valley of Rest), St. Catherine's Monastery, the Mountain of Moses and the prophets' visiting sites.

- *Ecotourism*: According the World Tourism Organization, ecotourism is the fastest growing segment of the tourism industry. The World Travel and Tourism Council calculates that ecotourism accounts for between 10 and 15 percent of all international travel expenditures. The Sinai boasts three natural reserve areas for the enjoyment of the area's unique flora and fauna, including the marine natural environments of international fame at South Sinai. The area is well suited for hiking, as well as for safaris in the middle and northern parts of the Peninsula. These types of activities are expected to grow in other parts of the country, including the African shore of the Red Sea and the North Coast on the Mediterranean.[5]

Although the TDA has developed this strategic plan, it is unclear to the WDS Team how widely supported the plan is within the industry, and if the industry has developed a workplan to ensure its successful implementation. Regardless, this plan of tourism growth,

5 The expected growth in "ecotourist" activities merits some detailed attention, as it is currently receiving a great deal of attention in Egyptian tourism industry circles. As in much of the world, Egyptians seems to have differing views on what these new ecotourist activities will be. Ecotourism can be defined broadly to include any kind of tourism that is connected with the outdoors, such as hiking and diving, or more narrowly, to activities have a high regard for maintaining the pristine qualities of areas being explored. Egypt's Tourism Development Authority has been taking a leading role in encouraging the growth of this segment, with a particular emphasis on making investors aware of this attractive market, on setting standards for constructing eco-lodges, and on conducting workshops to make investors, architects, and engineers aware of the specific norms for constructing ecolodges. Many of these activities have been done with the financial support of USAID.

including regional diversification of tourist sites/attractions and product diversification, implies critical workforce development elements.

4. WORKFORCE DEVELOPMENT IMPLICATIONS

In summary, Egypt has numerous strengths from which it can build sustainable competitiveness. Despite these present strengths, there are three broad sets of workforce development challenges that will greatly impact this potential growth and competitiveness if not addressed by the Egyptian tourism cluster:

- ***Recruitment:*** Finding qualified candidates to fill the 250,000 to 400,000 new jobs expected to be created in the next seven years.
- ***Retention:*** Structuring policies and practices that encourage employees to remain with firms and within the larger tourism cluster.
- ***Skills Development:*** As Egypt's tourism offerings expand and diversify, ensuring that new and existing employees have the needed skill sets to provide the service the tourist will expect.

Filling the New Jobs: Recruitment and Retention

As previously indicated, the industry is expected to need between 250,000 and 400,000 new workers in the tourism industry by 2007, and a majority of these jobs are outside of Cairo. How will the industry fill these new positions?

Many Egyptians see the tourism industry as jobs of servitude rather than an industry portraying the richness of the Egyptian culture to the world. As discussed in Section 4, the stakeholders believe a public awareness campaign is necessary to change this image and increase their ability to recruit talented employees. It is evident, however, that issue will need to be addressed in order to ensure that the tourism cluster reaches its expected growth.

Women in the Workforce

Widening the pool of applicants to include both sexes, however, is one potential solution to the cluster's recruitment challenge. Presently, women make up 49% of the Egyptian population and 40% of the university graduates; however, they are only 13% of the overall labor force and 17.7% of the tourism industry labor force. Of those women working in tourism, approximately 60% to 70% are in front-line positions, 20% to 30% in supervisory positions, and approximately 10% in managerial positions.

Women are well represented as front desk clerks in hotels, as tour leaders and travel agents. In tourist areas other than Cairo, particularly Hurghada and the resorts of the Sinai, women are not well represented at the support staff level (room cleaners, laundry, waitstaff, etc.), though they are beginning to appear at the higher levels. Most of these positions are filled by migrant labor from urban areas, and most Egyptian women do not have the social flexibility to accept jobs away from their families, according to our interviews.

In the mid and upper management levels, women are much less well represented. According to discussions with representatives of the tourist industry, these women are generally located in promotions and marketing positions. Women-owned or family businesses provide opportunities for women at the highest management level, though compared to international hotel chains the number of available positions is likely to be far less. In addition, women are underrepresented in general in senior management, finance, accounting, and other high-level management positions.

As noted by stakeholders in interviews, focus groups, and the cluster strategic workshop, there are some perceived constraints to opening up the industry more broadly to women. The constraints to women's participation in the tourism industry appear to exist on two levels. In the areas of high growth in employment opportunities, notably the Red Sea tourist developments, women themselves are reluctant to move there alone for social and cultural reasons. There are also social and cultural biases at the level of employers, who may elect not to hire women due to the perceived and real constraints of their dual role in employed work and home work, and maternity and other protective legislation. Finally, there is the strong bias in the hospitality industry in particular that women who wear an Islamic headscarfs are not an appropriate face of Egypt for the Western tourist market.

However, observations suggest that not all positions that require staff to work late or travel are out of bounds to women. Airline desks at the airport routinely have women employers at the check-in counter for late-night flights, while a woman working in a restaurant at the same hour is not a usual sight, even in Cairo. It appears that some types of agencies or offices in tourism provide two shifts, one for women or less flexible workers, and a later one for men or more flexible employees.

In the area of tourism, the industry as a whole needs to address the issue of the safety and security of its female labor force. To some extent, the growing number of women in the lower levels of the industry offers a justification to future women employees, since a larger female presence allows women's participation to achieve normality. The combination of women's need to work, and the tourism industry's need for skilled employees, seems already to be creating the conditions for social norms to change. It is important to recognize that social norms regarding gender roles are not static and do change in response to changing socio-economic circumstances. In other words, Egyptian women's potential employment in locales, sectors, or levels of management not traditionally open to them should not be discounted for the future. However, the industry could do more to change the face of tourism to make it a wholesome pursuit in the eyes of Egyptian society.

However, if one thinks of the context of the competitiveness of the entire industry, creating policies and practices that accommodate some of these issues outweigh the loss of revenue do to unfilled positions. For example, stakeholders in our interviews have considered the following possibilities:

- Organize media campaigns presenting tourism as a respectable profession, with specific ads targeting women;
- Target women graduates of language schools and foreign language faculties for careers in tourism; and
- Offer a "veiled" and "non-veiled" uniform option to reach out to women who wear Islamic dress.

Changing Skill Sets

In addition to filling the new jobs, diversification to new products and new regions imply that present and future workers will need new skill sets that correspond to the expected new areas of offered activities. *Figure 19* identifies some of the functional skill sets that employees in the chosen high-impact segments will need if the Egyptian tourism cluster is to be competitive on a global scale.

Figure 19. Demanded Functional Skills for Cluster Competitiveness

Tourist Demands – Hotels / Accommodation

- Customer service: prompt responsive, knowledgeable
- High-tech business services
- Health & recreational services
- Hygiene / cleanliness
- Family / children services
- Coordination with travel agencies, tour guides, local community

Tourist Demands – Restaurants

- Customer service: prompt, responsive, knowledgeable
- Diversity of cuisine and beverages
- Healthy cuisine options
- Hygiene / Cleanliness
- Staff that can explain the menu
- Cultural sensitivity

Tourist Demands – Tour Guides / Travel Agencies

- Customer service: prompt, responsive, knowledgeable
- Certified guiding in: antiquities, eco-tourism, religion geography, recreation, sporting, adventure
- Articulate
- Language proficiency
- Presentable
- Family / children activities
- Professional
- Internet based ticketing

Functional skills are not enough. Workers also need to have mastered a set of what the WDS Team refers to as "critical skills." These skills include: customer service, oral & written communication, work ethic, time management, teamwork, self-management, problem solving, and basic information gathering. Many of these skills are cross-segment, meaning regardless of whether an employee is in the hotel and accommodation segment or restaurants, some of the same skills will be crucial to their success. Understanding that tourism cluster workers need both functional and critical skills, the WDS Team asked stakeholders if their present employees possessed the needed skill sets at three key levels: executives, supervisors,

Figure 20. Key Skills Gaps

and front line workers. As *Figure 20* indicates, the needed skills vary at the different levels. At the lowest levels of the tourism industry, the need is for specific functional skills. As an employee moves up the pyramid to the executive level, the concern is for more strategic thinking.

Figure 21. Tourism Related Majors: University Graduates

Number of Graduates Per Year

	# of Students (1996/1997)		
	Total	Men	Women
Tourism & Hospitality	1274	62%	38%
Communication	322	32%	68%
Language	863	33%	67%
Commerce	56,598	63%	37%
Archeology	638	52%	48%

6 Faculties

TOTAL: 59, 695

CAPMAS, The Statistical Yearbook 1992-1998, June 1999

On all levels, the stakeholders interviewed placed the highest value on the skill of "language," specifically being able to read, write, and verbally communicate in English. As *Figure 21* depicts, 67 percent of the graduates with these language and communication skills are women, thus pointing to another need to utilize all of the available trained human capital to make the cluster more competitive. Furthermore, girls in Egypt are perceived to have superior language and educational performance skills compared with boys, and it is perceived that a majority of the top graduates of "language schools" (private schools where most subjects are taught in English, French, or German) and government high schools are girls.

But the question still remains - how will the cluster fill the remainder of its skills gaps?

Current Employee Training

In this high growth and fast-paced environment, the skills sets needed to keep up are constantly changing. How well does the cluster currently train its workers? Today, approximately 25 percent of the tourism cluster are formally training workers. The companies in this top percentile are largely multinationals or large chains that have formal, mandatory training programs in place. Approximately 90% of the training is conducted in-house with the other 10% outsourced to private training providers. These firms spend on average five to ten percent of their wage bill on training. The record of the remaining 75% of the cluster is quite dismal. These firms conduct negligible amounts of training, whether in-house or outsourced, and spend less than one percent of their wage bill on training. This low level of outsourcing and focus on training helps to explain why there are so few training providers poised to assist the cluster acquire the needed skill sets.

With people as the lynch pin in the cluster's growth, "why" workforce development is not a more central theme in individual firms, as well as the cluster as a whole is a crucial question. If there are discussions regarding employees it centers on training. But training is simply one element -- workforce development includes far more. A firm trying to compete in the local and global marketplace also needs a strong internal human resource management system. This system includes such items as conducing HR needs assessments to understand what type of workforce an organization needs in order to implement its corporate strategy; writing job descriptions to articulate each employee's role and what skill sets he or she will need to possess; recruitment and orientation; performance monitoring and feedback loops; and linked promotions and incentives to performance. Other than multinational firms, the WDS Team found very few organizations within the cluster that had well-developed HR systems.

Education Programs

The discussion thus far has centered on individuals already employed in the cluster. But, how will the needed 250,000 to 400,000 new employees gain the skills necessary to be recruited and survive in this field? A majority of cluster stakeholders interviewed hire managers and supervisors from the pool of faculty graduates. In 1997, 59,695 students graduated from Egyptian public faculties in fields related to the tourism industry. If one assumes that all of these graduates possess the desired skills, the tourism cluster would need to hire all of these graduates if it is to grow at the predicted rates. However, this is also the same pool of candidates that other industry clusters will be seeking to hire.

Even if the tourism industry could employ all of these graduates, do these graduates have the necessary skills to succeed? Although there are six public faculties that offer tourism, hospitality, and travel guide majors, the private sector leaders the WDS Team interviewed believe that these graduates do not possess the necessary skills, attitudes, or even expectations to succeed in the industry.

Figure 22. Tourism Related Majors: University Graduates

Midstate College Program:

- **Intro to Travel / Tourism**
- **Base country geography**
- **International travel geography**
- **Ticketing**
- **Computer reservations theory & lab**
- **Computer usage, internet & software**
- **Principles of hospitality management**
- **Professional selling**
- **Hotel office procedures**
- **Human potential**
- **Business mathematics**
- **Professional development**
- **Public speaking**

Egyptian Programs (examples):

- Tour guiding
  - **Archeology**
  - **History**
  - **Religion**
- Hotel management
  - **Front desk**
  - **Kitchen usage**
  - **Computers (using manuals)**
- Travel
  - **Marketing**
  - **Manual ticketing**
  - **Computers (using manuals)**
- General
  - **Language**

A comparison of the average Egyptian tourism degree curriculum to one in the U.S. or Europe demonstrates an urgent need to upgrade *(See Figure 22).* The Egyptian tourism curriculum is theoretically outdated, the teaching infrastructure is old, and technology in some schools is altogether absent. As a student at one of the tourism faculties mentioned, students learn basic word processing from the manual and some students have never used a computer while at school.[6]

University teaching is formal, hierarchical, and top-down. Some institutes complement theory and lecture with hands-on training, including field trips to Egyptian museums, hotels and restaurants, but this approach is limited. Many of the faculties stress their inability to change their curriculum to meet industry's needs. However, incorporating innovative teaching methods into the curriculum appears to be possible. These teaching methods might include case studies, role-plays, guest private lectures, team projects, internships, and mentorships.

In addition, the linkages between education and training providers are generally weak. The educational structure has been supply-side focused. There are few alumni associations or formal placement programs. Few teachers are drawn from industry, and even fewer industry players are invited to guest lecture in the tourism programs. Structured and systematic demand assessments are rare, and one does not find many industry curriculum advisory committees. Instead, curriculum change is not driven by the private sector but is controlled by the Ministry of Education at the faculties.

Obviously, university graduates are not the only resource pools available to the industry to fill its positions. A majority of the needed workers in the next seven years will be entry level front-line workers. The industry could pull from numerous sources to fill these spots. Specifically, technical school graduates could offer a group of young people poised to be trained to work in the cluster.[7]

The Challenge Ahead

Regardless of the strategy the tourism industry pursues, and the niche markets it targets, the challenge ahead is four-fold:

- Agree on the cluster strategy and market niches it will pursue;
- Translate that strategy into a blueprint for the desired workforce;
- Work with the educators and training providers to ensure production of qualified candidates; and
- Put into place appropriate human resource policies and practices that allow companies to recruit, train, and retain qualified candidates.

With this greater awareness of the workforce challenges ahead, this report now turns to describing initiatives that the private sector and educators believe will begin to address these larger challenges.

6. In one tourism program, even travel agency ticketing is taught using the outdated manual process.

7 Sub-committee Four is presently working with the Ministry of Higher-Education, technical schools, and the Hospitality Industry to put together a technical school placement program.

5. INITIATIVES FOR ACTION

On November 7, 1999 twenty-eight key stakeholders from the Egyptian tourism industry gathered at the Conrad International Hotel in Cairo, Egypt to be part of a Tourism Cluster Strategic Planning Workshop. The goal of the workshop was "to understand, design, and commit to workforce development initiatives that could build and sustain the competitiveness of the Egyptian tourism industry."

After a presentation on the present state of the Egyptian tourism industry, the stakeholders (representing business leaders, educators, training providers, and government officials) created a list of potential initiatives that the stakeholders could undertake to address present and future workforce skills gaps described earlier in this report. Next, the stakeholders narrowed this initiative list to three actions that they designed in greater detail. Below is both the longer list of "potential initiatives" discussed, as well as the three detailed "priority action plans" designed by the stakeholders.

As stated in the Introduction to this report, the initiatives presented below are not the WDS Team's recommendations to USAID on what activities it should support. Instead, these represent a wide menu of initiatives that the cluster stakeholders are, to a varying degree, committed to and able to implement. However, it is the WDS Team's recommendation that any decision by a donor to assist in workforce development activities in the cluster should be based on this list of initiatives as they have the stakeholders' momentum to ensure the that the actions succeed.

Potential Initiatives

During the strategic planning workshop and the stakeholders' brainstorming session, the participants developed the following list as potential actions / initiatives they could undertake to address some of their workforce development challenges:

- Establish a Center of Excellence within an existing tourism faculty, with a direct link to the Egyptian private sector, as well as to an internationally recognized hospitality and tourism university that can provide the curriculum and reputation.

- Initiate a private sector campaign through schools and the media to inform the population at large of the attractiveness of working in the tourism industry and, in the short-term, to inform potential employees of work opportunities in the cluster.

- Engage in policy dialogue within the industry and government to require new hotel investors to set aside one percent of the total value of new investment capital for training.

- Encourage transparency and information exchange among new and existing tourism industry stakeholders, specifically regarding projected workforce needs.

- Establish new tourism executive programs and continuing education modules at existing institutions.
- Initiate an industry-wide push for the Ministry of Education to change the current tourism and hospitality curricula.
- Invite a training provider or educator to join the Hotels Human Resources Association.
- Establish private sector connections with schools and training providers before graduation to assist in the recruitment of qualified graduates.
- Organize public-private conferences on human resources (HR) with topics on specific issues, such as evaluating current HR initiatives, analyzing the tourism cluster skills gaps, highlighting best HR practices, and other topics of common interest.
- Establish a dialogue with policy-makers to improve or establish qualifications for entering the tourism job market, possibly through a tourism certification or accreditation process.
- Provide assistance to companies to develop internal human resource management systems according to international practices. Goals would include the establishment of clear and appropriate internal career development programs, and better matching of applicants' qualifications to available positions.
- Establish a formal mechanism for private sector communication with training providers in order to advise on coursework, encourage the offering of well-established international courses customized to the Egyptian market, and generally improve the quality of communication between the two sides.
- Develop local industry awards to recognize specific individual firm best practices, as well as training providers with leading-edge practices.
- Establish customized courses and programs at the American University of Cairo, and/or other well-functioning and responsive institutions, to respond to the specific skills gaps, and act as "finishing schools" for graduates of other non-performing programs.

Priority Action Plans

From the list of potential initiatives, the tourism cluster stakeholders developed three initiatives into more detailed action plans. The pages that follow describe these three initiatives in greater detail.

Initiative I:
Tourism Cluster Awareness and Communication Campaign

Initiative Mission:
To communicate to the general population the overall attractiveness of working in the tourism cluster and specific employment opportunities.

Initiative Overview:
The initiative would consist of a private/public partnership with two main thrusts. The first would concentrate on a public information campaign transmitted through television, newspapers, posters, leaflets and other media accessible to the general population. The goal of this campaign is to change the general population's perception of tourism industry jobs and create enthusiasm for entering this line of work. The second thrust would consist of a longer-term effort to reach secondary school students to create a favorable impression of tourism industry opportunities. This priority could be accomplished by arranging for tourism business leaders to give talks at local schools, by encouraging schools to conduct familiarization visits to local hotels, restaurant, travel agencies, and other local cluster firms,

Initiative Action Plan:
Step 1: Work with the Egyptian Tourism Federation to draft a memorandum for its members and the Egyptian Government delineating the workforce challenges and outlining the plans for the Communications Campaign. The goal of the memo is to gain member and Government buy-in to support the new Campaign. *(Draft: November / December 1999; Disseminate: Mid-January 2000)* **Step 2:** Host a small conference of key industry players to begin to design the Campaign. Invite advertising agencies and the media to brainstorm possibilities. Appoint smaller teams to oversee daily design and management. *(Early-February 2000)* **Step 3:** Interview and hire advertising agency. Work with Ministry of Communications and Ministry of Tourism to explore the possibility of using government media access. *(Late-February 2000)* **Step 4:** Begin new Communications Campaign. Begin designing longer-term Tourism Awareness Campaign. *(Mid-April 2000)*

Initiative Champions:
Egyptian Tourism Federation Egyptian Hotel Association Egyptian Travel Agents Association Chamber of Tourist Establishments

Initiative II:
Tourism Cluster Demand & Supply Linkage Development: Professor / Teacher Internships

Initiative Mission:
To create mechanisms that allow the private sector, educators and trainers to better communicate and coordinate the training of qualified workers for the tourism industry.

Initiative Overview:
The tourism industry is expected to need between 250,000 and 400,000 newly trained workers in the next seven years. It will also need to upgrade and diversify the current set of workforce skills. Unfortunately, tourism educators and training providers do not presently have significant private sector experience in the industry and as a result, are not able to accurately communicate and teach the skills needed to work in the industry. A proposed initiative is to develop professor / teacher internships within private sector companies that would allow educators to spend a winter or summer break working in a tourism establishment. This initiative provides three benefits: 1) teachers gain hands-on experience that can be relayed back to students; 2) teachers develop private sector contacts to invite to speak to their classes; and 3) private sector contacts can prove useful when the educators attempt to place their students in internships or full-time jobs.

Initiative Action Plan:
Step 1: Educators and the Federation write a memo proposing that training institutions be invited a members of the Human Resource Association *(November / December 1999).* **Step 2:** Federation and Human Resource Association propose to its members the idea of professor / teacher internships. *(January 2000).* **Step 3:** If approved, design the internship program, including application procedures, selection criteria, incentive mechanisms (i.e. scholarship), management, result measurements *(February – March 2000).* **Step 4:** Begin internship pilot program *(April 2000).*

Initiative Champions:
Egyptian Tourism Federation Helwan University American University of Cairo 6th of October Institute of Tourism & Hotel Management

Initiative III:

Tourism Cluster Workforce Demand Assessments and Information Dissemination

Initiative Mission:

To collect and disseminate relevant tourism workforce needs information in order to enhance the cluster's ability to respond to global trends and expected demand.

Initiative Overview:

Tourism stakeholders believe there is little accurate and timely tourism workforce data available that is made public to all segments of the tourism cluster. With more accurate data in the hands of all stakeholders, the stakeholders believe they could better respond to the workforce skills gaps, and potentially design skills standards for each segment of the cluster. This initiative is divided into two distinct parts:

- **Data Collection:** Design and administer the following three annual surveys: 1) Tourism Federation member survey; 2) customer satisfaction survey; and 3) educators/training provider survey. The goal of these activities would be to produce a quantitative and qualitative tourism workforce demand assessment.
- **Data Dissemination:** The collected and analyzed data could be disseminated in the following manners: 1) annual tourism cluster conference; 2) human resource committees within the relevant associations; 3) present awards for greatest improvement.

Initiative Action Plan:

Step 1: Create Human Resource Committees in each of the relevant tourism cluster associations including training providers and educators on committees *(January).*
Step 2: Design, gain approval for, and administer surveys through the HR Committees *(February-April).*
Step 3: Analyze results and design common standards in Association HR Committees *(May-June).*
Step 4: Disseminate information through forums, publications, awards *(July).*
Step 5: Utilize updated information to write tourism industry strategic plan *(August).*
Step 6: Create feedback loops to allow stakeholders to comment on surveys, data, and dissemination mechanisms. These best practices will improve the process the following year (*Ongoing*).

Initiative Champions:

HR Committees in the following organizations:

- Egyptian Tourism Federation
- Egyptian Hotel Association
- Egyptian Travel Agents Association
- Chamber of Tourist Establishments
- Tourism Schools / Training Providers

APPENDIX A: TOURISM CLUSTER STRATEGIC WORKSHOP PARTICIPANTS

TOURISM CLUSTER
STRATEGIC PLANNING WORKSHOP PARTICIPANTS

Training Providers		
American University of Cairo Travel & Tourism Institute 357-6860 / 357-6858 Bahgat Moussa CACE Division of Bussiness Studies Director Bahgat@aucegypt.edu		6th of October Institute of Tourism & Hotel Management Ms. Salwa El Toukhy Vice Dean For Cultural Affairs & Education 011-334-002 011-330342 / 011-330-492
Middle East Advisory Group Mona Gomaa Sales Director 417-3826 / 417-3835 meag@intouch.com		Team Misr Helmi Sallam Managing Director 508-0192 / 506-0194 team@link.com.eg
Commercial & Industrial Development Center CIDIC Ahmed Moharam Business Development Advisor 365-5244 / 365-5244 cidc@gega.net		International Executive Service Corps IESC Spencer T. King Chief Party 390-3232/390-29289 sking@mail.iesc.org
Helwan University Hassan El Sherif Professor Faculty of Tourism & Hotel Management 349-6066 / 365-4406 / 012-2180206		**Government** Social Fund for Development Hoda El Beleidy Human Resources Development Program Director 354-2047 354-7185 / 355-4159

Associations		
Egyptian Federation of Tourist Chambers Ahmed El Khadem President 348-3313, 360-8487 / 361-4286		Egyptian Hotel Association Mr. Bahgat Badawy Director Marketing, Promotion & Training 360-8956 / 335-2139 / 335-2134/361-1333
Chamber of Tourist Establishment Fouad Samaha Vice President 348-4526 / 335-2193 / 337-6763		Egyptian Travel Agents Association Riad Kabil Secretary General 338-0005 339-4208 / 338-0006
Private Sector Organizations **Hotels**		
Accor Hotels Abdel Hakim Hussein Human Resource Manager 578-2069 / 578-2061 / 010-175 75 78 accorsae2ie.eg.com		Sonesta Hotels, Resorts & Nile Cruises Regional Financial Controller Mahmoud El Maghraby 417-3127 / 418-3553 / 318-3540 / 18-3551 mmaaghraby@iec.egnet.net
Conrad International, Cairo Mark Elawadi Area General Manager, Egypt 332-1502-8 / 332-1697 / 580-8756 mark_elawadi@hilton.com		Conrad International, Cairo Nagui Khadr Area Director of Human Resources, Egypt 332-1502-8 / 332-1697 / 580-8756
Baron Hotels & Resorts Aly Mahfouz Human Resources Director 291-5757 / 291 2467/8 / 290-7077 / 291-5916 resvcai@baronhotel.com		Sofitel Cairo Maadi Towers & Casino Jehane Coutry Human Resources Director 526-0601-2 / 526-1133 / 524-5452 sofitel@brainy1.ie-eg.com
Pyramisa Hotel Jehane Coutry Human Resources Manager 5260601/526-1133		Swiss Hotel El Salam Rainer Tenius General Manager 297-40000 293-1000 / 297-6036 rainer.tenius@swisshotel.com

Travel Agencies		
Creative Travel Amr Sedky Chairman 249-8698 241-5123 / 246-4148 cti2000@link.com.eg		Emeco Travel Mohamed El Khodary Marketing Director 574-9360/ 579-9544/574-9369 mohamede@emeco.com
Mena Tours Mohamed Leheta President 348-2231 / 348 –4016 / 336-8961		Gezira Travel General Manager Nader El Beblawy 341-0585&6 / 341-1506 geziral@geziragrp.com.eg
Wings Group Ahmed Atef El Wassief Managing Director 262-0447-8 / 407-0603 / 261-8297 wingsgroup@link.com.eg		American Express George Fawzy Manager Tourism & Retail 570-3411 / 570-3419 / 570-3146 / 570-3147 tours@amexegypt.com
Cars Rental		
Budget Rent-A-Car Anwar El Mofty President 340-0070/ 340-9474 / 341-3790		
Restaurants		
Americana – Pizza Hut, KFC, Tikka Vice President Mahmoud El Kaissouny 346-9754 / 304-1812 /304-7406		Tirol Resturant Adel Fahmy General Manager 303-0729 / 344-9725
		USAID Washington
		Gwen El Sawi Human Capacity Center Global Bureau / USAID / Washington Gwelsawi@usaid.gov

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